

Worksession

Agenda Item #	13
Meeting Date	September 19, 2005
Prepared By	Sara Anne Daines HCD Director
Approved By	Barbara B. Matthews City Manager

Discussion Item	Discussion of Community Legacy Application
Background	<p>The Community Legacy program is a comprehensive planning-based program designed to implement revitalization strategies for entire communities rather than focusing on individual projects. It is intended to both complement and supplement existing State programs. A total of \$5 million in FY06 financial assistance is available to help communities with a variety of capital projects including, but not limited to, the establishment of a revolving fund, the renovation or rehabilitation of existing residential and commercial properties, the construction of certain streetscape improvements, and the strategic demolition and land acquisition in support of a planned redevelopment project. Funds are awarded on a competitive basis with the average award being \$100,000.</p> <p>The State of Maryland recently announced that it is accepting applications for the 2006 Community Legacy program. Funding priorities include projects which have a strategic economic impact, evidence of other funding commitments and are clearly part of ongoing revitalization efforts. The ability of the project to provide for the repayment of any Community Legacy award will be a critical consideration according to the State. Applications are accepted once a year and are due November 1, 2005.</p> <p>The Council is asked to provide input on potential Community Legacy projects. Two possible projects have been identified by HCD Staff for consideration for this application cycle - the proposed revolving loan fund for predevelopment costs associated with tenant-initiated condominium conversions (estimated \$50,000) and planned streetscape improvements along the commercial section of Carroll Avenue (estimated \$200,000).</p>
Policy	The Council approves proposal submissions that significantly impact the City budget.
Fiscal Impact	Community Legacy awards must be repaid although the State has indicated the repayment schedule can be structured in a variety of ways.
Attachments	Community Legacy Program - Frequently Asked Questions
Recommendation	To indicate support of proposed Community Legacy projects, provide direction on project priorities and/or identify alternative projects.

Special Consideration	The Council will be asked to adopt a Resolution authorizing the submission of the proposed Community Legacy application. Said action is scheduled for October 24, 2005.
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COMMUNITY LEGACY PROGRAM FREQUENTLY ASKED QUESTIONS

WHAT IS COMMUNITY LEGACY (CL)?

Community Legacy is an on-going program that will provide funding to help existing communities develop comprehensive revitalization plans and implement projects targeted at reducing sprawl and enhancing community life for businesses and residents.

Community Legacy both complements and supplements existing State programs. Community Legacy will enable local governments and community development organizations to revitalize entire "at-risk" communities rather than just segments of a community. Local leaders and communities will be able to simultaneously launch several revitalization activities thereby reversing trends toward disinvestment.

HOW WILL COMMUNITY LEGACY SUPPORT NEIGHBORHOOD REVITALIZATION?

CL will stabilize existing communities, which have significant public and private investment in education and other cultural institutions, parks, water and sewer, streets and sidewalks. These communities have the potential for a beauty and spirit that is nearly impossible to build new. If our existing communities can attract families and businesses, Maryland's Smart Growth goals can be achieved; Maryland's towns and cities will once again be vibrant centers of community; thousands of acres of farmland and open space will be protected from sprawl development; and State taxpayers will not be asked to meet the social and economic costs of abandoned communities while simultaneously meeting the costs of new growth.

HOW WILL COMMUNITY LEGACY BE ADMINISTERED?

Community Legacy will be administered by the Community Legacy Board and the Department of Housing and Community Development. The Community Legacy Board will be comprised of the Secretaries of Housing and Community Development, Natural Resources, Planning and Transportation. The Community Legacy Board will receive advice from an 11-member Advisory Committee comprised of individuals from both the public and private sector.

Financial assistance will be awarded competitively. Sponsors may file one or more applications with the Community Legacy Board. A local government, a group of local governments or a community development organization may sponsor an application. Upon approval of specific projects, the CL Board will refer the approved projects to the Secretary of Housing and Community Development to award the financial assistance.

WHAT ARE COMMUNITY LEGACY AREAS?

CL will assist urban neighborhoods, suburban communities and small towns that are experiencing decline and disinvestment, but that have the potential, with modest public and private investment, to again be vibrant places to live and work. These areas are often referred to as "at-risk" or "transitional" communities. Indications of decline include dropping property values, population loss, decreasing income and education levels, increasing housing and commercial vacancies. Indications of community strength include proximity to town centers, major employers or educational or other institutions; partnerships with local banks, other businesses, and community organizations; and community leadership.

WHAT ARE THE BENEFITS OF BECOMING A COMMUNITY LEGACY AREA?

Benefits include eligibility for:

- CL funding to assist communities in realizing their revitalization goals
- Special funding resources that may be made available
- Additional points and/or consideration under other grant applications
- Future funding opportunities to implement a CL Plan

MUST A COMMUNITY LEGACY AREA BE OF A CERTAIN SIZE OR POPULATION?

There are no specific size limitations for CL areas; however, the applicant must demonstrate that modest public investment will be able to make a significant visible impact on the target area.

CAN A COUNTY OR CITY SUBMIT ONE APPLICATION FOR MULTIPLE AREAS?

The choice of filing one or several applications is at the discretion of the sponsor, but sponsors are encouraged to submit a single application for multiple CL Areas if:

- The Areas are contiguous
- The Areas are not contiguous but are experiencing similar disinvestment and obstacles to investment and similar strategies are proposed to encourage reinvestment

If the links between CL Areas are not clear, separate applications may make for more clear proposals.

DOES COMMUNITY LEGACY PRE-EMPT DESIGNATED NEIGHBORHOOD STATUS?

No, Designated Neighborhood status still applies to the Neighborhood Business Works Program and other funding programs. CL is a distinct and separate designation.

HOW IS COMMUNITY LEGACY DIFFERENT FROM EXISTING STATE RESOURCES?

State revitalization resources have restrictions on eligible applicants or uses that have resulted in gaps in support for local revitalization efforts. CL will provide funding in flexible financing to meet the unique needs of each community it serves. Funds will be used to both complement and supplement existing State resources.

Rather than request support for an individual project, participating communities must develop a comprehensive revitalization strategy that is an ambitious but reasonable response to local needs. By offering funding for several diverse initiatives simultaneously, CL can help local governments and their partners implement comprehensive strategies that give a community the necessary momentum to reverse decline.

WHAT TYPES OF ACTIVITIES WILL COMMUNITY LEGACY SUPPORT?

CL will support a wide range of local initiatives aimed at attracting new residents and businesses and encouraging existing residents and businesses to remain in a community.

These local activities might include:

- Incentives to attract homebuyers to purchase and rehabilitate homes
- Incentives to existing homeowners and businesses to improve their properties
- Development of mixed-use projects that may combine housing, retail, office, public, and open space uses
- Incentives to supermarkets and other large businesses that can offer significant benefits to a community
- Development of public infrastructure that is incidental to a redevelopment project
- Streetscape improvements along streets that are generally not State highways or streets that serve important transit functions
- Strategic demolition of properties to enhance the use of land
- Acquisition of vacant buildings or unimproved land in anticipation of future development

WHO QUALIFIES TO APPLY FOR FINANCIAL ASSISTANCE?

A local government, a group of local governments or a community development organization may sponsor an application. To be eligible to receive financial assistance under Community Legacy, communities must be in a priority funding area. In addition, communities will need to demonstrate

evidence of decline, such as decreasing homeownership rates or increasing commercial vacancy while, at the same time, demonstrating signs of strength such as partnerships with local banks, businesses, educational institutions or cultural organizations. In so doing, communities will prove that their revitalization plan is an achievable goal given the needs and resources of the targeted community.

WHAT TYPE OF FINANCIAL ASSISTANCE WILL COMMUNITY LEGACY PROVIDE?

CL assistance will be made in the form of loans, grants or a combination to local governments and community development organizations. Depending on the types of activities needing assistance, loan guarantees, and credit enhancements to make possible other public or private financing may also be provided.

HOW WILL COMMUNITY LEGACY LEVERAGE OTHER INVESTMENT?

The leverage of other public and private resources will be a key criterion in selecting a CL area, but the Program has not set a specific match requirement. Instead, local governments may leverage CL funds in a wide variety of ways, including reduced property taxes for residents, businesses, or new development projects; innovative public financing, including tax increment financing; commitments from private lenders, foundations or federal sources; donated property; and the local government's cash or in-kind resources.

MUST THE LOCAL RESOLUTION BE RECEIVED BY THE APPLICATION DEADLINE?

The CL statute requires that a local government resolution approving an application be provided before the CL Board may approve an application. Therefore, the application materials require that a resolution be submitted with the application. If, due to circumstances beyond an applicant's control, a resolution cannot be provided with the application, the applicant should submit a letter of support from the chief elected official of the local jurisdiction and indicate what efforts they have taken to obtain a local government resolution and when they expect the resolution to be heard and approved. An application will not be submitted to the CL Board for approval until a local government resolution approving the application is received and approved by DHCD.

DOES A LOCAL RESOLUTION OF SUPPORT NEED TO BE PROVIDED FOR EACH PROPOSED PROJECT?

One resolution can be used to indicate support for designation of a CL Area, approval of a CL Plan and an expression of intent to fund future projects. If any future project in the Plan is modified significantly, DHCD, in its discretion, will require a subsequent resolution confirming the local government's approval of the project as modified.

WHO HAS THE AUTHORITY TO SIGN GRANT AGREEMENTS ON BEHALF OF THE GRANTEE?

If the grantee is a local government, the signature authority would be the chief elected official, unless otherwise officially delegated through local resolution or letter from chief elected official.

If the grantee is a nonprofit organization, the signatories will be identified on the corporate resolution.

DOES THE COMMUNITY LEGACY STATUTE GRANT STATE GOVERNMENT CONDEMNATION AUTHORITY?

The statute does not grant the State condemnation authority. The statute does give DHCD the right to settle debts or obligations not met by the sponsor through the foreclosure and acquisition of failed projects. In these rare cases, the State will pursue strategies for the sale and development of these properties that are consistent with the needs identified by the community in their CL Plan.

HOW WILL WE KNOW IF COMMUNITY LEGACY IS SUCCESSFUL?

Progress will be measured at two levels. Each CL application must propose benchmarks based upon the revitalization strategy it proposes. For example, if a community is working to increase homeownership, increasing house sales and homeownership rates would be appropriate measures. If a community is focusing its effort on a commercial district, reduced commercial vacancy and increased State sales tax revenue could be measured. Anecdotal information, which can indicate improving confidence in a community, will be used to supplement data. Communities will report their progress to the Department of Housing and Community Development (DHCD) quarterly and DHCD will summarize these reports for the General Assembly annually. In addition, and as part of Managing for Results, DHCD will collect data, such as changes in property value, for all CL areas and compare trends in these communities to trends in nearby communities as well as Statewide trends.

ARE THERE THRESHOLD DRAWDOWN REQUIREMENTS FOR EXISTING CL PROJECTS?

There are no precise drawdown and threshold requirements. However, it is important to identify what progress has occurred based on funds received the first year. The CL Project Managers will need to see that you are spending the money and that there is solid commitment and progress underway to spend the funds this year. For example, if you are in the planning stage, a Request for Proposal (RFP) should be out or at least drafted. If you are asking for housing funds, underwriting should be started or you should be able to give the Committee a reasonable reason why it has not.

WHERE CAN YOU FIND CURRENT CENSUS DATA?

Most of the 2000 census data can be obtained directly from the Maryland Department of Planning at <http://www.mdp.state.md.us/msdc/census2000.htm> or the US Census Bureau website at <http://www.census.gov>.

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